

Publication of the LGA Federal Register Notice

Federal Aviation Administration



Briefing Agenda

- LGA Background
- Federal Register Notice -- General Content and Purpose
- Short-Term Lottery Extension
- Considerations For A Longer-Term Solution
- Demand Management -- What Approaches Have Been Considered?
- PANYNJ Submission
- Revenue Use Issues
- Administrative Options
- Next Steps

LGA Background

Air carrier response to AIR-21:

- Requested 600 Slot Exemptions
- 300+ New Flights were Operating by November, 2000

The result of the air carrier response:

- Flight Delays/Cancellations Increased Significantly
- Created Disruption in Airline Schedules

PANYNJ Announced a Temporary Moratorium on New Flights and Requested FAA Assistance

FAA Capped AIR-21 Operations to 159 per day and Allocated Via Lottery Air-21 Operations to Incumbent Carriers Serving Small Communities and New Airline Entrants

LGA Background (Continued)

Ops and Delays

	Pre AIR-21 April 2000	Post AIR-21 October 2000	Post AIR-21 Lottery April 2001
HDR Slots/Exemptions	71	104 (peak)	81
Monthly Operations	31,116	37,373	34,874
Monthly Delays	3,109	10,226	2,941
Average Daily ATC Operations	1,039	1,268	1,162
Average Daily Delays	104	330	98
Percentage of Operations Delayed	9.97	27.36	8.43
Average Delay Time (minutes)	44.1	40.84	40.51
Average Taxi-in (minutes)	6.49	7.49	7.36
Average Taxi-out (minutes)	26.98	31.79	25.49

LGA Background (Continued)

Percent Distribution of Air Carrier Operations at LGA by Seat Size

Seat Size	April 1996	April 2000	April 2001
< 77	26.54%	30.86%	36.71%
78-100	10.82%	6.15%	4.86%
101 +	62.64%	62.99%	58.43%

Source: OAG

Federal Register Notice

- FR Notice on LGA Demand Management on Display June 7
- FAA Taking a Two Phase Approach:
 - Short-term Extension of Lottery
 - Implementation of Longer-Term Solution
- Notice Solicits Public Comment on Potential Methods to Allocate Airport Capacity at LGA
- Both Administrative and Market Based Options are Discussed
- Deadline for Submission of Comments for the Proposed Lottery Extension is 30 days from Date of Publication of the Notice
- Deadline for Submission of Comments regarding Longer-term Initiatives is 60 days from Date of Publication of the Notice
- Once an Longer-Term Option Has Been Identified, FAA Will, if Required, Conduct Rulemaking and Seek Appropriate Legislative Changes.

Short-Term Lottery Extension

- Current Lottery Allocation of AIR-21 Operations Expires September 15
- Difficult to Implement a Longer-term Demand Management Solution Before Lottery Expiration
- Three Extension Options Were Considered:
 1. Simple Extension
 2. Conduct New Lottery
 - 3 . Maintain Current Allocation, Allocate Unused Capacity Via New Lottery
- FAA Proposes Third Option
 - Minimizes Disruption
 - Uses All Available Capacity
- Unused Capacity Lottery Procedures Similar to Those Used in December, 2000

Considerations For A Longer-Term Solution

Lottery Temporarily Serves as A Stop-Gap Measure while a Longer-term Approach is Studied

- LGA Aircraft Operation Capacity Probably Cannot be Expanded Due to Physical Constraints
- There is a Growing Demand for LGA Passenger Trips
- Increase the Efficient Use of Available LGA Capacity Perhaps by Encouraging the Use of Larger Aircraft or Service at Alternative NY Area Airports
- Longer-term Solution Should Provide Adequate Access for New Entrant Airlines and Flights to Small Communities

Demand Management -- What Approaches Have Been Considered?

- Two basic forms of demand management :
 - Market based solutions
 - Administrative procedures
- Market based solutions allocate resources based on willingness to pay. Generic types being considered (specific PANYNJ variations of these options are included)
 - Congestion Pricing
 - Auction of landing and take off rights
- Administrative procedures allocate resources based on other policy objectives (e.g., service to small communities) Three Administrative Options have been identified
 - Establishing minimum aircraft size at LGA
 - Replace HDR with a new slot allocation rule to streamline the slot allocation process that currently exists
 - Repeal HDR and establish a new rule with a baseline allocation of slots to incumbent carriers, allocations would be slightly lower than current levels to promote other policy objectives

PANYNJ Submission

- Congestion Based Fee
 - Retain High Density Rule
 - PANYNJ Imposes Congestion Fee in Addition to Current Landing Fees. Two Possible Variations of Fee
 - Same Level Fee for HDR and AIR-21 Slots
 - Higher Fee for HDR Slots, Lower Fee for some AIR-21 Operations
 - FAA Conducts Lottery to Allocate Three Additional AIR-21 Slots Per Hour
- Auctions
 - Reservations Replace HDR Slots and AIR-21 Exemptions
 - Air Carrier Reservations Allocated in Following Manner:
 - Each Carrier Given a Baseline of 20 Operation Per Day
 - 80 Reservations Per Day to Carriers Serving Small Communities (auction, lottery, etc)
 - 70 Percent of Remainder Allocated to Carriers Based on Share of Enplaned Passengers
 - Remaining Reservation Auctioned Among Competing Carriers
 - Two Implementation Options:
 - Immediate Replacement of All HDR and AIR-21 Allocations
 - Four-year Phase Out of HDR and AIR-21 Allocations

Revenue Use Issues

PANYNJ has identified several possible uses for revenue derived under a market-based approach

- to pay for projects that increase airport capacity in the local airport system or at other regional airports;
- to pay for expenses incurred for AIP-eligible (but not AIP-funded) noise mitigation projects, in order to reduce the burden of airport activity on nearby communities;
- to lease HDR slots at LGA from airlines, and to hold them in abeyance, in order to reduce demand;
- to advance the goals of AIR-21 (increased airline competition and small community air service)
- periodically to rebate remaining proceeds to airlines operating at LGA based on the number of passenger enplanements to encourage greater passenger volume without increasing the number of operations.

Revenue Use Issues (Continued)

FAA has also identified some additional potential uses of the excess revenue that would be generated under a market-based approach.

- encouraging the use of less congested facilities by offering rebates to aircraft operators
- creating a national/regional trust fund for capacity enhancement
- using excess revenue to encourage service to small communities.

Several of these options are likely to require statutory authority and/or rulemaking.

Administrative Options

Encourages Use of Larger Aircraft -- 3 variations:

- Replace HDR/AIR-21 with scheduling process with larger aircraft preference
- Retain HDR/AIR-21 framework and eliminate use of commuter aircraft in air carrier slots
- Retain HDR/AIR-21 and eliminate commuter slot category

All Variations contain means of protecting service to small communities

Administrative Options (Continued)

Integrate/Streamline Existing Rule

- Consolidate HDR/AIR-21 -- creates two categories one for air carriers and one for service to small communities.
- New Entry Access would be accommodated by a periodic withdrawal and reallocation of air carrier slots. Reallocation would be done through a lottery.
- Change buy/sell rule to promote efficient use of slots.

Reallocation of Slots Under a Replacement Rule

- Consolidates and reallocates HDR slots and AIR-21 slot exemptions.
- Majority of slots would remain with current carriers.
- Create pool of slots for allocation by lottery to new entrants, small community service, and limited redistribution among incumbents.

Next Steps

The FAA/DOT is interested in receiving comments regarding a number of areas of concern. These include:

- Efficiency of the Various Options
- Whether these Options Provide Opportunity for Local/Regional Capacity Expansion
- Impact on Passengers and the Local Community
- Effect on Airline Competition
- Issues of Regional Access
- Use of Funds
- Ease of Administration

FAA/DOT will formulate longer-term proposals.